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The Extension Service Review is for Extension educators—in County, State, and Federal Extension agencies—who work directly or indirectly to help people learn how to use the newest findings in agriculture and home economics research to bring about a more abundant life for themselves and their communities.

The Review offers the Extension worker, in his role of educational leader, professional guideposts, new routes and tools for speedier, more successful endeavor. Through this exchange of methods, tried and found successful by Extension agents, the Review serves as a source of ideas and useful information on how to reach people and thus help them utilize more fully their own resources, to farm more efficiently, and to make the home and community a better place to live.

## ORVILLE L. FREEMAN Secretary of Agriculture

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#### EXTENSION SERVICE

## REVIEW

Official monthly publication of Cooperative Extension Service; U.S. Department of Agriculture and State Land-Grant Colleges and Universities cooperating

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#### Strange—But Not So Strange!

The big-city family found the small town a strange place. It lacked the familiar trademarks of the urban business district and the suburban shopping center. And then there were some very strange specialty shops.

The window display in the clothing store featured khaki trousers and shirts along with the dressier clothes—and high-cut work shoes along with the dress shoes. The tire stores had great stacks of huge tires like those on snow plows and road graders.

The milk truck that stopped by the farm was not at all like the one that delivered milk to the city homes—it had a huge refrigerated tank on it. The big gasoline tank trucks that unload gasoline at the service station came right out to the farm and filled big tanks.

And this man named Cooperative must be the wealthiest man in town. He owns a grocery store, a general farm supply store, a machinery agency, a tomato canning plant, and out at the edge of town, a livestock auction market.

Well, this is not so strange—at least to many of us. There are thousands of towns like it throughout the United States. What the city family saw was the typical rural trade center where agriculture formed the supporting structure for all other businesses.

With the welfare of so many communities dependent almost entirely on agriculture, it's not so strange then that "Building a Strong Agriculture" has been given top priority among Extension missions. WJW



Many livestock producers were skeptical of stack silage at first, but demonstrations like this one have proved the new method to be effective.

## Effective Demonstrations . . .

### increase silage production

by
Sam Cartner
County Extension Chairman
and
M. P. Zuver
Agricultural Extension Agent
Avery County, North Carolina

Beef cattle is an important source of farm income in Avery County. Low beef prices and high winter feed costs put producers in a tight economic squeeze in 1961, however.

The North Carolina Extension Service has given special attention to this issue since 1962 when it was identified as one of the major problems in Avery County. An Extension-TVA cooperative test-demonstration program, which began in the county in 1936, was chosen as the vehicle for the educational effort.

Silage appeared to be the answer

to the high winter feed cost problem. Since \$2,000 of new investment in an upright silo did not appeal to the average Avery County farmer, however, less than 10 acres of silage had been grown in 1961.

On two test-demonstration farms in nearby Madison County, stack silos were proving an effective method to overcome such a high investment cost. Stacks of as much as 100 tons of silage were packed by tractors and covered with plastic. The silage was keeping exceptionally well.

Through the cooperation of the

county Extension chairman in Madison County, a tour was arranged for five Avery County farmers to study the stack method. They were so impressed that all of them stacked silage for the first time in 1962 or 1963. Four were test-demonstration farmers.

Extension agents worked closely with these farmers by helping them apply the best silage production and management practices.

From the beginning, producers were faced with one big problem—how was the silage to be harvested? No one in Avery County had a silage harvester. A custom operator agreed to bring in a field chopper to harvest and stack the silage at a reasonable cost. The farmers were so satisfied that by 1963 the number of farmers stacking silage had more than doubled.

One test-demonstration farmer bought a field chopper in 1963. By 1964 he had custom harvested 150 acres of silage corn.

Thirty-five farmers produced silage in Avery County in 1965. Thirty producers stacked more than 2,600 tons of corn silage for winter feed. Silage was produced at an average of four acres per farm—enough to winter 24 mature beef cows per farm.

Many livestock producers in Avery County were interested in silage but were skeptical. The demonstrations have helped to bring about a more rapid change from the traditional method of wintering beef animals to the new method.

No one knows what impact silage marketed through livestock will have on Avery County's agriculture. The doors are wide open for expansion. It has been estimated that a million dollar increase in gross agricultural income to Avery County is possible. This could raise the level of living and greatly strengthen fertilizer and machinery sales and other economic activities in the county.

The potential for increased numbers of cattle in Avery County is there. Extension test-demonstrations are showing that corn silage offers one way of reaching this potential.  $\square$ 

# Managerial Decision Making

Emphasized in Extension Education for Staff and Board of Cooperative

by
James Hill, Jr.
Manager
Pendleton Grain Growers, Inc.

Pendleton Grain Growers, Inc., formed in 1930 as a small grain brokerage cooperative, has expanded its business to include grain elevators, petroleum, farm machinery, feed, seeds, and fertilizers.

Marketing volume in grains is \$10 million annually, and supply volume exceeds \$10 million each year. We have 200 steady employees and 2,000 members. Most of our business is done within a radius of 50 miles of the main office in Pendleton, Oregon.

From the beginning, Pendleton Grain Growers, Inc. and the Oregon State University Extension Service have enjoyed a close and mutually successful relationship.

In the early years the needs were primarily for guidelines in policy, procedure, and business. As our various avenues of agricultural service developed, we worked more with Extension specialists in crops, soils, chemicals, nutrition, and animal husbandry. These specialists provided advisory and consultative services not otherwise available to cooperatives the size of Pendleton Grain Growers.

In addition, the research efforts and cooperation of Extension throughout the years have been of inestimable value to the agriculture of our area, and hence to our cooperative.

In the past seven years, Pendleton Grain Growers, Inc., has received aid from Extension in three fields — merger, education and training of directors, and managerial decision training.

When our company and Twin City Oil and Gas Cooperative began to consider merger, we saw that neither side had the time or ability necessary to soundly analyze the economic situation and develop recommendations.

The Extension Service served as a catalyst in our dealings with the University's Agricultural Economics Department, who studied our situation and submitted a formal report which was used as a basic document in completion of the merger. Local Extension agents consulted and advised when requested.

The 19-member board of directors serve rotating terms, creating a continuing educational problem. Seven

serve at large and usually are re-elected until they have served for 9 to 12 years. The other 12 directors, who come from districts, serve only a single three-year term.

This board and our staff were the first to benefit from a Director Training Program developed by Extension specialists Lee Garoian and Arnold Haseley. These educational and training sessions were vital in welding together a good, sound policy-making group. The effect of this training is carried on through the at-large directors.

After the director training program, Garoian and Haseley came to us with a Managerial Decision training program, which was taken by 15 of our 19 directors and other key staff members.

Through this joint director-staff competitive experience, each man tried out his idea of policies concerning market structure, volume, pricing, and expense control. The experience of this "game" program brought staff and board into common business



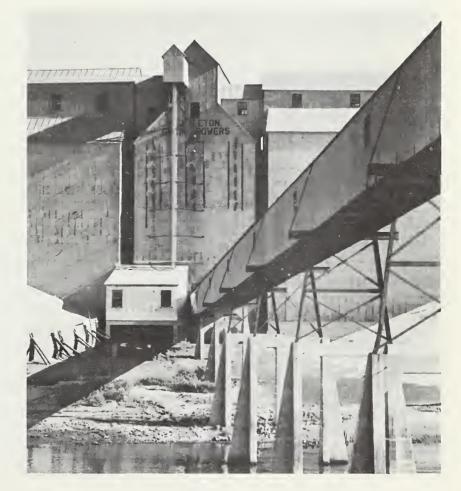
Pendleton Grain Growers, Inc. and the Oregon Extension Service have had a close and mutually successful relationship for many years. Above is the cooperative's NH<sub>3</sub> storage and application equipment, and below is their grain elevator on the Columbia River at Umatilla, Oregon.

understanding while they talked about policy formation.

Now in progress is a study of business operations to determine performance efficiency, market share, and trouble spots, and to make recommendations for improvement. Garoian and three of his key men will soon complete this year-long study.

The results will be presented to the general management and the board of directors for consideration and action. In this situation we were particularly glad to be able to turn to Extension because they understand our agriculture intimately; they know our directors, our key people, and our business operation well; and finally, we are able to afford to use their services.

Over a span of 30 years we have found the Extension Service a profitable ally of our cooperative business growth. The results have meant better educated agri-business leadership, improved agri-business service, and a more successful agricultural community.





Dwight Pace, resource development staff assistant, and Glen Wilson, area resource development specialist, discuss information kits for tourist host schools with Rita Barnes, who will assemble them.

# Extension 'Host' Schools Mean More Hospitality In Colorado

by
Stewart G. Case
Extension Community Development Specialist
Colorado State University

"Are you interested in an industry with more than 6½ million customers who will spend over a half billion dollars in the State this year?"

The speaker pauses and looks at his audience. It is not the traditional group usually associated with Extension resource development meetings. In the crowd are waitresses, service station attendants, drugstore clerks, grocerymen, policemen, bankers, housewives, bartenders, ministers, ranchers, and businessmen.

All are listening attentively, for they are "students" enrolled in one of Colorado's Tourist Host Schools. "Whether you are a business or professional man, employer or employee," the speaker continues, "you have a vital role to play in one of Colorado's leading industries.

"If you come in contact with people, you are in the tourist business. The economic impact of tourism upon your community is largely in your hands, for you are the hosts to the vacationing public."

This scene has been re-enacted many times over the past six years. Colorado has long been recognized as one of the leaders in attracting tourists. The State is bountifully endowed with 13 million acres of spectacular mountain scenery, bounding streams and deep, cold lakes.

Its eleven national forests, four national monuments, two national parks

#### "Host" Schools Curriculum

"The Economic Importance of Tourism to the State and Your Area"

"Recreation Opportunities and Facilities in the Area"

"Directing the Tourist—Getting Him There and Back"

"Regulations Relating to Hunting, Fishing and Use of Recreation Areas"

"Points of Interest in the Area"

"History and Lore of the Area"

and 400 campgrounds provide a wide variety of outdoor recreation for tourists.

Tourism is the State's third largest industry, but like Topsy — "it just growed" without much attention being paid to the "care and feeding of visitors" until 1960 when the Colorado Extension Service inaugurated an annual series of Tourist "Host" Schools. Since that time, 20 of the eight-hour non-credit hospitality schools have been conducted for local residents who come into contact with the vacationing public.

The Tourist Host School program was developed as a facet of the overall resource development effort in the State. The ultimate objective of the "touristry" development program is identical to that of general economic development — to maximize employment and business opportunity in the local area.

Although hotel, motel, dude ranch, and resort owners are encouraged to attend the schools, special effort is made to enroll all other local residents who may come in contact with the tourist.

The three things most wanted by the tourist as he seeks relaxation and recreation are friendly reception, accurate information, good service, and good facilities. The Tourist Host School is dedicated to meeting these needs. All enrollees are given a "host" kit crammed full of information on such items as maps, campground directories and information on the official State flower, tree, animal and emblem.

The "faculty" for the school is largely made up of residents and representatives of State and Federal agencies located in the area where the school is held.

The Extension Service has had excellent cooperation from the State Highway Patrol; Game, Fish and Parks Department; Department of Commerce and Development; U.S. Forest Service; Fish and Wildlife Service; and National Park Service. Other resource personnel have come from the resident faculty at Colorado

State University and local Chambers of Commerce.

A "graduation" ceremony concludes the program and each participant is presented with an attractive fourcolor diploma suitable for framing and proclaiming the recipient worthy of the title "Host to the Vacationing Public."

These colorful certificates are proudly displayed in business establishments throughout the State. Perhaps this accounts, in part, for the 315,500 mail inquiries received by the Department of Commerce and Development this past year about Colorado vacations, or why tourists rank Colorado high as a spot to spend a memorable vacation.

A rustic lodge provided an informal atmosphere for this hospitality school, one of many attended by Colorado residents who come into contact with the vacationing public.



#### "Host" Schools Objectives

Create an atmosphere so pleasant that each visitor will want to stay longer;

Welcome visitors sincerely and make them feel at home;

Offer voluntary assistance to the visitor;

Know the area and State well enough to give tourists information that will help them see and enjoy more of Colorado;

Assume individual responsibility for helping create the feeling everywhere that Colorado is not surpassed anywhere in genuine western hospitality.

#### Marketing program helps

# Producers Increase Income

by
Boyd J. Bonzer
Extension Poultryman
South Dakota State University



South Dakota Extension poultry and marketing specialists have been aware for several years that higher paying markets must be developed if many of the State's egg producers are to stay in business.

Producers must be exposed to new markets, new marketing methods, and egg production methods that will assure those markets a supply of top quality eggs the year round.

Outside markets must be made aware that South Dakota producers can produce and market top quality eggs that can compete with eggs from any other area of the country.

With the help of an intensive Extension educational effort, many marketing firms in South Dakota have made the structural changes necessary to get high quality eggs to higher paying markets and get the producers a bigger part of the consumer dollar.

A number of chain stores are now purchasing direct from the farmer through set-in stations and are packing the eggs at their own store-owned packing plants. Others are having Midwest concerns pack eggs in their cartons in midwestern plants. Both methods reduce the number of handlers in the marketing process and reduce the marketing costs substantially.

A set-in station is an assembly point where a group of producers set their eggs in a cooler in a convenient location. The marketing agency picks the eggs up and transports them to a grading station from which the producer receives his check.

Where the grading station is near and the flock size is large the truck can take the place of the set-in station and haul the eggs direct from the farm to the grading station.

Several egg producers have geared their production to the new markets. This has resulted in the expansion of old laying units and construction of a number of new commercial-sized units where the egg or poultry enterprise is an important source of farm income. Several units are large enough to make poultry the major source of income for the farm.

Extension chose surveys, meetings, demonstrations, personal contacts,

publications, radio, and television as the means to assist producer groups and marketing firms to adjust to the changes in the marketing structure.

One survey was conducted in eastern South Dakota during the early stages of the program to determine the purchase price for eggs and the existing marketing methods. Subsequent surveys measured progress of different programs.

Surveys indicated that the set-in station method of marketing would be the most practical method of processing and handling eggs at the local level. This method was developed and expanded, and processors were encouraged to carton eggs in South Dakota.

Extension conducted many meetings to help establish the new marketing methods. Specialists met with groups of producers to acquaint them with the potentials of set-in station methods of assembling eggs and production practices required by quality controlled markets.

Meetings were held to explain the set-in station method of purchasing and



The Extension egg production message reaches the public in many ways. At left, Extension poultryman Boyd Bonzer talks with producers at a traveling exhibit. More than 200 visitors have attended several open houses such as the one above, at a new 10,000-layer unit.

quality controlled production requirements to groups of egg buyers. Groups of egg producers and egg marketing firms were brought together in meetings.

Meetings held in cooperation with organizations such as the State Department of Agriculture included a series in which egg buyers were instructed in methods of producing a high percent of clean eggs and how they could help the producer understand this problem.

Extension demonstrations showed groups of potential quality egg producers new egg production units, quality egg handling plants and quality egg production practices.

Personal contacts were maintained with local egg buyers to encourage more efficient methods of marketing and developing new markets. Personal contacts were made with a large number of individual producers to help them plan new units, remodel old units, better understand production problems and make contacts with quality controlled markets.

Hundreds of producers and buyers

were contacted through a poultry booth in the Extension Service traveling exhibits. One year the booth carried the slogan "Add Eggs in Place of Acres."

Out-of-State buyers of high quality eggs worked closely with Extension. They were given area production and marketing information and leads to potential sources of quality controlled eggs where markets were lacking. The service men for most of the quality controlled programs maintained personal contact with Extension personnel and kept them informed of the activities of their companies.

Publications covering production and marketing practices were written and distributed. Topics of publications included requirements for starting a set-in station, egg production practices generally required by quality controlled buyers, controlled environment poultry housing plans and theory, poultry production and marketing statistics, egg production costs for feasibility studies, outlook and egg price information, and contracting information.

Mass media such as news releases.

radio, and television were used to point out quality controlled egg production and marketing practices. Television programs were filmed in laying houses and in quality controlled egg buying plants. Films were made at the University to demonstrate such things as on-farm handling practices, and feeding uniform diets.

What has all this meant to the South Dakota farmer? It has been an important factor in the poultry economy in the State for the past several years.

During 1965 about 17.3 million dozen South Dakota eggs (about 16 percent of the State's total production) were sold through quality controlled markets. Producers marketing in this manner were receiving approximately 5 cents per dozen more than the USDA published average price for all eggs sold in South Dakota.

Using this as a basis it would indicate that in one year South Dakota egg producers grossed an additional \$875,000 through a more efficient production and marketing program.

About 5 percent of the egg producers in the State—about 1,000 producers—were involved in a quality controlled program during 1965. This would mean an additional gross income of about \$850 per producer.

An increase in this type of marketing is expected. Projections for 1980 indicate that the average South Dakota layer will be laying 246 eggs per year instead of the present 218 egg average (efficient layers are now laying 240 eggs).

The average South Dakota egg producer has been receiving around 9 cents per dozen less than the average U.S. producer. Through better production and marketing methods it is hoped that the widespread egg price difference between the U.S. and South Dakota average can be cut in half by 1980.

A 4½ cent increase in price on a projected production of 133 million dozen eggs in South Dakota could add another \$6 million in gross income for the producers.

## A Launching Pad

— to the future

by

Mrs. Georgia T. Roberson

Associate State 4-H Club Agent

Clemson University

As a result of a special study on careers, 4-H Club girls in Anderson County, South Carolina, are better acquainted with career possibilities, the woman's place in the working world, and educational requirements and opportunities.

All county 4-H girls 14 years old and over were surveyed to determine their interest in such a study. Each girl listed two careers she wanted to know more about, and the replies were used in planning programs and securing speakers.

Miss Judy Collins, assistant home demonstration agent, served as coordinator of the training sessions. She was assisted by four adult volunteer leaders and one junior leader. About 30 girls met every other Monday afternoon for nine sessions.

The State 4-H project manual on "Let's Explore Your Career," was used as a basis for all sessions. Ex-

Anderson County 4-H girls had many discussions such as this one during their nine-session project, "Let's Explore Your Career," designed to increase their understanding of career opportunities and requirements.



hibits of career material were on display, and catalogues from all colleges in the State were placed on file in the county Extension office. The importance of staying in school was stressed throughout the sessions.

The group chose officers at the first meeting and discussed "The Importance of Education in Career Planning." In another session, a nursing instructor at a local hospital spoke to the group on "Nursing As a Career" and gave them a tour of the student nurses' quarters and classrooms.

For their third meeting the 4-H'ers toured the tri-county Tec Educational Center at Pendleton and were addressed by the director. The "Careers in Home Economics" session took place at the local gas company office, with the company's home service advisor talking to the group and showing slides.

The junior leader, a student at a commercial college, told the girls about her course of study as part of the meeting on secretarial careers. Also included was a film on office etiquette.

The cosmetology instructor at a local high school spoke to the girls on careers in cosmetology and showed them the school's cosmetology department.

For the session on "Careers in Education," an elementary school principal discussed the requirements for becoming a teacher and the rules a teacher must follow.

The girls heard about the importance of career planning, interviewing, and proper dress in applying for a job from a representative of the South Carolina State Employment Service.

The final session was a summary of previous meetings. Girls submitted interview sheets which they had made during the course and also expressed their career plans.

"Each of the meetings has proved most interesting to the girls," said the coordinator, "and it has been a wonderful means of working with other agencies and persons interested in education outside the Extension field."



These garden school instructors are typical of the many volunteers throughout Idaho who help county agents meet the horticultural needs of the public.

## 'Answer Men' . . .

#### save agent's time

Tony Horn
Extension Horticulturist
University of Idaho

Records of phone calls to county agents show that many are from rural and urban people about their lawns, flowers, trees and shrubs. The county agent can answer them, but he can be crushed by the weight of the ornamental horticultural program unless he uses the cooperative features of the Extension Service.

In other words, he needs "answer men" to take on part of the load. A number of county agents in Idaho have solved this problem by appointing garden school committees. These committees generally consist of such people as nurserymen, garden store managers, garden club officers, and the city park superintendent. This group plans a public garden school.

The agent calls on various spe-

cialists such as landscape architects, nurserymen, expert flower growers, and garden clubbers, to teach. Commercial people put up exhibits, paying for the space. This helps pay rent on the hall and expenses of speakers.

Idaho's experience with these schools has been rewarding. Capacity crowds attend. Boise had its 17th annual school last February. The Idaho State Federation of Garden Clubs generally plans its State board meeting to coincide with this school.

At Pocatello, a garden school has run annually for more than 15 years. County agents from Pocatello and Blackfoot, a neighboring city with long garden school history, hold their schools on the same three days and programs are identical. They alternate topics in order to use the same speakers.

The Gooding garden school is also sponsored jointly by the county Extension Service and the garden club. There are several other regular schools in various parts of the State. At all these schools the county agent supplies projectors, as well as most of the speakers. The people want information pertaining to local conditions. Programs are varied with films, slides, panels, and lectures. A popular feature of each school is a public question box.

This garden school method, used successfully throughout Idaho, has proved to be a good way for the Extension agent to meet adequately the needs of the people with the most economical use of his own time.



## 'Wide-open Spaces' Benefit

from Extension pasture demonstrations

J. Neal Pratt
Extension Agronomist
Texas A&M University

It's going to take less to grow more on Texas pastures. Producers in the Lone Star State feel that the "wide-open spaces" ought to be returning higher dividends. The Texas Extension Service is helping them do something about it.

In 80 of the 254 counties in the Lone Star State, pasture acreage is expected to increase 32 percent by 1975.

Under unimproved conditions, returns from pastures have been far from favorable. When livestock producers increase fertilization rates, more forage is produced; but costs of beef production may actually be increased if the extra quality and quantity of forage is not utilized at its optimum state.

Realizing the dual opportunity of improving income on current and expanding pasture acreage, Extension specialists met in 1964 to explore means of attacking the problem. Farm management specialists pointed out that intensification of livestock operations was the most practical means of improving income.

Increased calf production results from following management and fertilization guidelines set up by Texas pilot pasture demonstrations.

The need was great. But what was the most effective way to utilize available resources?

"Pilot" demonstrations were suggested, with guidelines developed from research and Extension demonstrations.

The overall objective of the pilot demonstrations is to increase net returns from beef production on a given acreage through higher levels of fertilization and improved management practices. Another objective is to determine the economic feasibility of intensifying livestock operations.

Demonstrations are established for a minimum of three years. Areas are approximately 30 acres in size to accommodate a cow-calf herd unit. Fertilizer and lime are applied according to annual soil tests. Recommendations are from the Extension Soil Testing Laboratory.

Extension specialists and county agricultural agents supply technical assistance for livestock and forage management. Farm management specialists assist county agricultural agents in analyzing records of activities, costs, and returns.

The Texas Plant Food Educational Society offered to co-sponsor the demonstrations. The Society is composed of fertilizer manufacturers who receive TVA fertilizers and contribute to the Society for educational activitives of the Texas Extension Service.

The full costs of fertilizers for the first year and half the fertilizer costs for the second year are sponsored by the Society. The demonstrator furnishes the remaining half of the fertilizer the second year, and all the fertilizer the third year.

This arrangement has proved satisfactory, since it assists the demonstrator in arranging fencing and watering facilities to incorporate management practices essential to the first year's success.

The demonstrator follows management recommendations of the county agent and Extension specialists. He also agrees to:

- 1) rotate—to maintain forage quality and permit hay production;
- 2) utilize desirable animal health practices;
- 3) maintain records—for economic and production analyses;
- 4) sponsor field days, tours, and other educational activities;
- 5) follow practical forage and livestock management procedures.

Have the pilot pasture demonstrations been successful? The answer is "Yes!" The five demonstrations begun in 1965 produced favorable returns. One returned \$53.52 per acre above fertilizer costs.

These returns were restricted by low market prices of beef and a modest stocking rate during the first year, but returns are expected to be more favorable during the second and successive years.

What are the demonstrators' attitudes? Highly favorable. They are rapidly incorporating the higher levels of fertilization with newly-learned management practices in their entire livestock operation. V. A. (Bill) Clements, Jr. has established three similar areas on his farm after evaluating the first year's results of his demonstration.

County agents in demonstration counties report that numerous other farmers are establishing similar units.

One cattleman remarked, "The selling price of my calves has not changed appreciably in the last seven years. Facing other rising costs of production, the only way I can stay in business is to increase my volume of calves sold."

County agricultural agents are pleased with the results—both educational and economic. They want additional demonstrations in their counties, and co-workers are requesting new demonstrations in adjoining counties.

What does the Texas Plant Food Educational Society think of the demonstrations? After observing the first year's results, the directors voted to support new demonstrations in the coming year.

Other industry groups — fertilizer companies, utility companies—are initiating similar programs.

Lending agencies are now realizing that initial treatment costs need not be repaid the first season.

Are the demonstrations being used? Another "Yes!" Organized field days and tours have been sponsored for county agricultural agents, other agricultural agencies, industry leaders, and fertilizer representatives and company managers. Involvement of agricultural and industry groups is almost unlimited.

There are other measures of success. Numerous county agricultural agents have requested pilot demonstrations in their counties. Many borrowers from Farmers Home Administration have established small acreages of improved pastures. Seedsmen's supplies of high producing forage seed have been exhausted. County agents report increasingly frequent requests for information on fertilization and management of pastures.

The pilot pasture demonstrations are accomplishing the objective of increasing beef cattle income through fertilization and management of pastures in these Texas counties, and the adoption of these practices is spreading to producers in the adjoining area.



Treated pasture in the foreground of this picture contrasts with untreated area in the background.

County agents and other agricultural and industrial leaders evaluate the pilot pasture demonstrations.



# Bridging the Gap

## in Wheat Marketing

## Information

by
E. Dean Vaughan
Assistant Director
Marketing Division, FES

The fact that more than half the wheat produced in the United States is exported is reason enough that Extension Service grain marketing and policy specialists, agronomists, and county agents in wheat and feed grain producing regions should be concerned with the foreign trade of grain.

The most neglected part of market promotion and development is information at the farm and country grain trade level. Educational programs are needed to bridge the gap between the producer and the exporter and importer.

At this point, some objectives of the Cooperative Extension Service and the Foreign Agricultural Service coincide. An objective of the FAS is market development and promotion of sales of U.S. grains abroad. An FES objective is to help State Extension Services provide meaningful, useful, educational programs for grain farmers and grain marketing firms.

To help reach these objectives, an FES-FAS foreign trade grain marketing study team was formed to enable Extension to develop more complete, up-to-date grain marketing education programs.

The team had two objectives: 1) to study the marketing of specific commodities in cash markets, rather than concessional sales markets, and 2) to study the marketing methods of a competing exporter; the potential market in an emerging nation; and existing markets in a fully developed country.

Wheat was chosen for primary emphasis and feed grains were given secondary consideration. Australia was chosen for study because it is the third-ranking member of the "big five" exporters of wheat. The Republic of the Philippines was chosen because it is a developing nation and a cash market for U.S. wheat. Japan was selected because it is the largest cash market for U.S. wheat and an important market for other agricultural products.

Team members were from State Extension Services in the major wheat and feed grain producing regions. They were chosen about four months in advance of travel to give them time to make a thorough study of special subject matter areas assigned to them.

Hundreds of publications dealing with the team's objectives were stu-

died, and a special bibliography was developed. The team spent a week in Washington, D.C., and two days in Portland, Oregon, in intensive briefings presented by grain marketing and foreign trade experts from government, cooperator organizations, and the private grain trade.

Careful selection of team members, concentrated advance study, and the intensive briefings paid handsome dividends. Throughout the tour, the hosts said, in effect, "You seem to know all about our methods. Let's get on to some of the more interesting current and future problems in the foreign trade of grain."

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#### Australia

The team visited Sydney, Canberra, Melbourne, Adelaide, and contiguous areas in Australia. Most of the time was spent with representatives of the Australian Wheat Board. Also included were conferences with farmers, university research staff, and State Extension personnel.

The Wheat Board, sole wheat marketing authority in Australia, is a quasi-governmental organization with three tasks: buying and selling all Australian wheat entering commercial channels; administering the wheat stabilization plan; and promoting wheat exports.

The board operates under a series of wheat stabilization plans, the basic feature of which is a guaranteed cost of production price paid to farmers. This price applies to wheat used in domestic consumption and to a specified portion of wheat exports.

The basis for the marketing of Australian wheat is FAQ (fair average quality), more accurately described as a fair average sample. Each year, samples are drawn at the country's wheat receiving points. From these, FAQ's are made up for each State and ultimately for all Australian wheat.

#### Republic of the Philippines

Approximately two-thirds of the Philippine work force is on farms, but agriculture accounts for only about one-third of the nation's income.

Rice and corn are the staple foods and wheat is not commercially produced.

In recent years, import duties have caused wheat rather than flour to be imported. Trade of Philippine wheat and wheat products revolves around six modern flour mills which have been built since 1958. The team's activities were primarily on the three islands where four of these six mills are located. They observed trade channels; interviewed flour dealers, consumers, and government personnel; and toured mills, bakeries, public markets, and retail stores.

Most flour moves from mill to baker through numerous independent,

small-scale, and highly competitive wholesale flour merchants. Although a more direct system of distribution would appear to be more efficient, strong resistance to change is provided by established market structure, custom, and the desire of bakers to maintain independence from millers.

The bakery system also appears to be a major deterrent to increasing wheat flour products consumption. In Manila, for example, there are countless small-scale, family-operated bakeries whose major products are delivered door to door to consumers and small stores. The low and slowly rising level of consumer income is an even more serious deterrent.

Japan is the largest importer of United States produced wheat. Much of this demand has been generated by demonstrations on preparation of foods from U.S. wheat as shown here. This program is co-sponsored by Wheat Associates, USA, and an agency of the Japanese government.



Despite these difficulties, the Philippines is the number two cash customer for U.S. wheat in the Pacific.

#### Japan

Japan is the world's largest food importer, one of the world's greatest industrial and trading nations, and one of the world's most affluent countries.

Rice has been, is, and probably will continue to be the major food of Japan. Wheat products have, however, increased from the pre-war consumption of about 30 pounds per capita to about 60 pounds per capita.

Beginning with the Japanese government's Food Agency, which determines and controls the imports of wheat into Japan, the team visited and interviewed people in all phases of the wheat, wheat products and other grain markets.

Each year the Food Agency estimates import needs for wheat and each week purchases wheat through private Japanese trading firms. The firms, notified of requests by the Food Agency, contact grain firms in exporting countries for the amounts, classes, and qualities of wheat desired.

The Food Agency purchases wheat from the trading firms and resells it at a profit to Japanese millers. The profit is used to defray expenses of domestic agriculture and food subsidy programs.

Japan's keen interest in the position of U.S. and Canadian wheat and its availability for export evidently results from the transportation and distribution system within Japan which requires a reliable source of supply to keep the market channels relatively full at all times.

As long as we can compete on price and quality and remain a reliable source of supply, Japan is likely to remain our number one cash customer for wheat and for many other agricultural commodities.

These are the conditions and goals that will govern Extension educational programs and materials designed to bridge this information gap between U.S. wheat producers and the exporters and importers.  $\square$ 

# From The Administrator's Desk



#### Where Are the Opportunities?

Someone said that problems are opportunities—problems and opportunities are opposite sides of the same coin. If farmers have an insect problem, they have an opportunity to improve their operations by controlling the insect, and Extension workers have an opportunity to help farmers by developing, testing, and demonstrating appropriate control measures.

The dairy farmers' costs and losses due to mastitis infection constitute a problem. For such farmers there are opportunities to reduce costs through mastitis control, and for Extension workers, opportunities to help identify the causes of the problem and take appropriate preventative or corrective action.

We talk a lot about Extension's important role in helping people solve problems. This is a very important part of our job. We help people solve problems through educational techniques, by applying reliable scientific knowledge.

But the problems and the opportunities are not always so clearly related. Perhaps the problem is inadequate income. What is the solution to the problem? It may be more productive to ask "What are the opportunities to reduce costs? To raise returns? Are there opportunities to produce and market other products and have a higher income?"

Perhaps the problem is a shortage of jobs in the community. In this case it is appropriate to seek business opportunities that may be developed to provide jobs and incomes. Perhaps there are no such opportunities, and opportunity for those in need of it is someplace else.

Young people may not be aware of having problems needing solutions, but have great opportunities to develop their skills and abilities to enable them to take advantage of future opportunities.

We can discuss and develop our role in Extension in terms of opportunities—helping people identify opportunities, evaluate them, acquire the knowledge, skill, and confidence necessary for seizing them.

Whether we think of our role in terms of solving problems or developing opportunities can make a big difference.

A problem-solving approach could lead to a program largely corrective, remedial, emphasizing immediate needs, prescription giving, and concerned only with specific pieces of technology. Such a program might be very valuable, yet fail to lead people to see opportunities for major complex changes and adjustment, fail to lead people to the big breakthrough, fail to bring realization of the less obvious long range potentials.

Obviously we need to help people both solve problems and develop opportunities. I believe most of us could benefit by directing more of our mental effort to seeking and developing the opportunities. I find myself constantly struggling to dispose of the problems, turning as many as possible into opportunities, to have enough time left to work on the big opportunities not necessarily related to an immediate problem. I suspect the same may be true in your role.

Let's never fail to succeed in this struggle.